

**ASSEMBLY BILL**

**No. 2455**

**Introduced by Assembly Member Thompson**

February 24, 2000

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An act to add Sections 17053.90 and 23690 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2455, as introduced, Thompson. Income and bank and corporation taxes: credit: crop losses.

The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by that law.

This bill would allow a credit in an amount equal to the market price of any unharvested fruit grown by a commercial fruit grower that was lost as a direct result of the Fallbrook Mexican Fruit Fly Quarantine.

This bill would declare the Legislature's intent and make legislative findings and declaration in connection therewith.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) It is the intent of the Legislature in  
2 enacting this act to, among other things, prevent farm  
3 business insolvencies and loss of employment in the area

1 of Fallbrook, identified as the Mexican Fruit Fly  
2 Quarantine Area, as declared on October 30, 1999.

3 (b) This act shall be known and may be cited as the  
4 Fallbrook Mexican Fruit Fly Quarantine Relief Fund Act  
5 of 2000.

6 (c) The Legislature finds and declares all of the  
7 following:

8 (1) The Mexican fruit fly is a serious agricultural pest  
9 in Mexico and parts of Central America, where it readily  
10 attacks a wide variety of fruits. If it were established in  
11 California it would threaten approximately 50  
12 commercially grown crops. About 25 percent of San  
13 Diego County's one billion dollar (\$1,000,000,000)  
14 agricultural industry could be affected by an infestation  
15 of this pest.

16 (2) The imposition of the quarantine by federal, state,  
17 and county agricultural officials was a reasonable  
18 response in order to protect the agricultural industry in  
19 the State of California.

20 (3) The imposition of Fallbrook Mexican Fruit Fly  
21 Quarantine has created a hardship on producers of host  
22 material within the quarantine area.

23 (4) Accepted treatment protocols must be exercised  
24 by producers of host material within the quarantine area  
25 in order to receive authorization to move harvested fruit  
26 from farms to the marketplace.

27 (5) Treatment protocols are not available for several  
28 fruit varieties produced within the quarantine zone, and  
29 in some cases available treatment protocols require a  
30 treatment time period that exceeds the harvest period of  
31 crops, thus causing producers to abandon their crops.  
32 Abandonment of these crops is solely for the protection  
33 of the agricultural industry in the State of California.

34 SEC. 2. Section 17053.90 is added to the Revenue and  
35 Taxation Code, to read:

36 17053.90. (a) There shall be allowed as a credit  
37 against the "net tax," as defined by Section 17039, an  
38 amount equal to the market price of any unharvested  
39 fruit grown by a commercial fruit grower that was lost as  
40 a direct result of the Fallbrook Mexican Fruit Fly

1 Quarantine. The credit shall be allowed for the first  
2 taxable year of the taxpayer that commences on or after  
3 January 1, 2000.

4 (b) For purposes of this section:

5 (1) "Market price" means the market price that would  
6 have been paid for the unharvested fruit at the estimated  
7 harvest time for that fruit.

8 (2) The Agricultural Commissioner, in consultation  
9 with the University of California Cooperative Extension  
10 Service, shall determine the estimated harvest time and  
11 crop yield for each commercial fruit grower that claims  
12 a credit under this section.

13 (c) In the case where the credit allowed by this section  
14 exceeds the "net tax," the excess may be carried over to  
15 reduce the "net tax" in the following year, and  
16 succeeding years if necessary, until the credit has been  
17 exhausted.

18 SEC. 3. Section 23690 is added to the Revenue and  
19 Taxation Code, to read:

20 23690. (a) There shall be allowed as a credit against  
21 the "tax," as defined by Section 23036, an amount equal  
22 to the market price of any unharvested fruit grown by a  
23 commercial fruit grower that was lost as a direct result of  
24 the Fallbrook Mexican Fruit Fly Quarantine. The credit  
25 shall be allowed for the first income year of the taxpayer  
26 that commences on or after January 1, 2000.

27 (b) For purposes of this section:

28 (1) "Market price" means the market price that would  
29 have been paid for the unharvested fruit at the estimated  
30 harvest time for that fruit.

31 (2) The Agricultural Commissioner, in consultation  
32 with the University of California Cooperative Extension  
33 Service, shall determine the estimated harvest time and  
34 crop yield for each commercial fruit grower that claims  
35 a credit under this section.

36 (c) In the case where the credit allowed by this section  
37 exceeds the "tax," the excess may be carried over to  
38 reduce the "tax" in the following year, and succeeding  
39 years if necessary, until the credit has been exhausted.

1 SEC. 4. This act provides for a tax levy within the  
2 meaning of Article IV of the Constitution and shall go into  
3 immediate effect.

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